

# **Customer Update for FY 2004**

**Updated September 2003**

**South Carolina Retirement Systems  
Customer Services Field Education  
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# **Retiree COLA Update**

# **Retiree Cost-of-Living Adjustment (COLA)**

- **2.4% COLA approved at June 17, 2003, B&CB meeting**
- **Applies to eligible SCRS, PORS, and ADP retirees and/or beneficiaries**

# **Legislative Update**

# **SC Retirement Systems Claims Procedure Act S340 (Act No.12)**

- **Ratified 4/16/03**
- **Signed by Governor 4/21/03**
- **Effective July 1, 2003**
  - **Creates a more efficient and fair procedure for claim disputes**
    - **One-year statute of limitations**
    - **Limits retroactive relief to one year**
    - **Prohibits class action lawsuits**

# **SC Retirement Systems Claims Procedure Act S340 (Act No.12)**

- Provides a review process for both administrative and disability retirement decisions rendered by the Retirement Systems**
- Expands 24-1-280 (peace officer status) to include an employee of SCDMH whose assigned work location is one of the correctional facilities of SCDOC or SCDJJ for Police Officers Retirement System (PORS) eligibility under 9-11-10(23)b**
  - Employee's job duties must include custody, control, transportation, or inmate recapture; jail, prison, or public work; or penitentiary, chain gang, or overnight lockup**

# **Indemnification**

## **S341 (Act No. 13)**

- **Ratified 4/16/03**
- **Signed by Governor 4/21/03**
- **Effective April 21, 2003**
- **Provides for state defense for B&CB members, officers, management, legislative employees, and SC Retirement Systems investment panel members against claim or suit.**

# **Pre-Tax Treatment of Retiree Health Care Costs (H3956)**

- **Concurrent resolution adopted by General Assembly 4/24/03 to memorialize U.S. Congress to modify the federal Internal Revenue Code to allow retirees to pay for health insurance premiums and other health care costs on a pre-tax basis.**





# **State ORP**

## **H4008 (Act No. 77)**

- **Ratified 6/5/03**
- **Signed by Governor 6/27/03**
- **Effective June 27, 2003**
- **Expands Earned Service Definition**
  - **9-1-10(9) (SCRS)**
    - **Defines State ORP service credit purchased in SCRS as earned service**
    - **Defines service earned as a PORS, GARS, or JSRS member and purchased/transferred into SCRS as earned service**

# **State ORP**

## **H4008 (Act No. 77)**

- **Amends Service Purchase Cost**
  - **9-1-1140 (SCRS)**
    - **Amends service purchase cost for public, educational, military, non-qualified, and State ORP service, and leaves of absence to include in current salary or career highest fiscal year salary calculation all salaries from State ORP, former ORP for Teachers and Administrators, and ORP for Higher Education participation if ORP service purchased into SCRS**
    - **May not establish service credit that would violate 415 or any other section of IRC**
    - **Leave of Absence – 2 year maximum per LOA**
      - **Must return to covered employment within 4 years**

# **State ORP**

## **H4008 (Act No. 77)**

### **– 9-1-1140 (SCRS)**

- **Adds ORP purchasable service at rate of 16%**
- **May not establish credit for service in another defined benefit plan**
- **Counts as earned service necessary for 5 years earned service benefit eligibility requirement**
- **TIAA traditional account plan service purchase payments considered plan-to-plan transfer**
- **ORP salaries from State ORP years purchased into SCRS may be used for SCRS AFCs only, wherein applicable**

# **State ORP**

## **H4008 (Act No. 77)**

### **– 9-11-10 (PORS)**

- **Adds ORP purchasable service at rate of 16%**
- **May not establish credit for service in another defined benefit plan**
- **Counts as earned service necessary for 5 years earned service benefit eligibility requirement**
- **TIAA traditional account plan service purchase payments considered plan-to-plan transfer**
- **ORP salaries from State ORP years purchased into PORS may not be used for PORS AFCs**

# **State ORP**

## **H4008 (Act No. 77)**

- **9-20-10 (State ORP)**
  - **Expands eligibility to include:**
    - **Temporary and part-time employees hired after June 30, 2003**
    - **Employee who elects State ORP in lieu of SCRS and enters work in a concurrent position eligible for State ORP must also contribute to State ORP in concurrent position**

**Must be employed by State ORP-eligible employer.  
Local subdivisions are not State ORP-eligible employers.**

# **State ORP**

## **H4008 (Act No. 77)**

- **9-20-10 (State ORP)**
  - **New enrollee has 30 days from date of hire to enroll in either State ORP or SCRS**
  - **If election is not made within 30 days of date of hire, enrollee will become member of SCRS by default**

**A state employee who transfers from one state agency to another state agency is not considered a new enrollee for these purposes since he or she is employed by the state under the same payroll center (Comptroller General) .**

# **State ORP**

## **H4008 (Act No. 77)**

- **9-20-10 (State ORP)**
  - **Annual Open Enrollment Period**
    - **January 1 – March 1 with effective date of April 1**
  - **Revert to SCRS Window of Opportunity**
    - **State ORP member may irrevocably elect SCRS membership after the first but before the fifth anniversary of his initial enrollment in State ORP with an effective date of April 1**
  - **Special One Time (2004) Opportunity For Certain State ORP Members**
    - **State ORP members who previously participated in Higher Ed ORP (including Tech. Colleges) may irrevocably elect SCRS membership during January 1, 2004 – March 1, 2004, with an SCRS effective date of April 1, 2004**

# **Adopted FY 2004 Budget Provisos**

- **1.85. (SDE: School District Furlough)**
  - **A school district may institute a furlough of not more than 10 days for instructional-related professional staff under certain circumstances. During a furlough authorized under this section, the school district implementing the furlough will be responsible for making both the employer and employee contributions to SCRS or State ORP if a member's coverage would otherwise be interrupted.**



# **Adopted FY 2004 Budget Provisos**

- **1A - H63 - 1A.40. (SDE-EIA: Specialists in Unsatisfactory Schools)**
  - **Retired educators hired as teacher specialists, principal specialists, principal leaders, or curriculum specialists in a geographic or academic critical needs area (as determined by DOE) will be exempt from the SCRS \$50,000 annual earnings limitation**

# **Adopted FY 2004 Budget Provisos**

- **63- F03- 63.36 (BCB: Mandatory Furlough)**
- **This proviso allows agency heads to institute employee furlough programs of not more than 10 working days in a fiscal year under certain circumstances. The proviso also provides that an employer will be responsible for making both the employer and employee contributions to SCRS or State ORP if a member's coverage would otherwise be interrupted.**

# **Adopted FY 2004 Budget Provisos**

- **72.105. (GP: Constitutional Officer Furlough)**
  - **All constitutional officers may take up to 36 days furlough in the current fiscal year. During this furlough, the employer will be responsible for making both the employer and employee contributions to SCRS or State ORP if a member's coverage would otherwise be interrupted.**

# **Vetoed Legislation (S194)**

- **S194 would have:**
  - **Reduced break in service requirement for all applicable SCRS retirees from 60 to 15 consecutive calendar days**
  - **Allowed SCRS membership for paid student employment**
  - **Made substantiated, paid graduate assistant and substantiated, paid college work study employment purchasable public service service credit in SCRS**

# **Benefits Update**

# **Post-Retirement Return to Work Information**

- **Private Employment**
  - No restrictions unless disability retiree
- **Disability Retiree**
  - May earn difference between AFC and disability calendar year benefits without having annuity checks suspended
  - Applies to public and private employment
  - At age 55 PORs or age 65 SCRS service retirement earnings limitation applies to disability retirees.

# **Post-Retirement Return to Work Information**

- **Covered SCRS Employer**
  - **60-day break-in-service**
    - Annuity checks will be suspended for remainder of fiscal year (July 1 - June 30) after retiree reaches \$50,000 in earnings from covered employment
    - Exceptions: TERI, elected official, earning less than limitation, and (as defined by DOE) geographic or academic critical needs areas, retired educators hired as teacher specialists, principal specialists, principal leaders, or curriculum specialists
- **Covered PORS Employer**
  - **15-day break-in-service**
  - **No earnings limitation**

# **Installment Service Purchase Program Interest Rate**

- **6.25% effective July 1, 2003**
- **Applies to new accounts  
activated July 1, 2003, through  
June 30, 2004**



# **Employer Update**

# State ORP Information

- ***State ORP Pension Plan Disclosure*** (Form 1105) information merged into ***Retirement Plan Enrollment*** (Form 1100)
  - Form 1105 discontinued
- Employers to receive information on State ORP contribution remittance reporting during FY 2004 to accommodate the capture of data for all retirement plans, including State ORP, beginning July 1, 2004.

# Furloughs

- **Use *Supplemental Service Report* (Form 1224) to report total contribution rate\* during furlough period**
  - **Service Type 73 (Furlough)**
  - **Submit separate Form 1224 for each quarter on a timely basis**

**\*Total contribution rate includes retirement, Group Life, PORS ADP, and state insurance surcharge, if necessary to make employee's account whole in regard to contributions and service credit**

# **Retirement Incentives**

- **Do not remit retirement contributions on special one-time incentive payments (by statute)**
- **Incentive payments are not part of member's AFC**

# **Military Leave**

- **Use *Supplemental Service Report* (Form 1224) to report active military leave and retirement contributions monthly (if employee elects to continue making retirement contributions while on leave)**
  - **Service Type 59**

# **USERRA**

- **Entitles employee to receive retirement service credit for a period of military leave**
- **Employee must make required employee contributions within a period of not more than 3 times the length of his or her military service, not to exceed 5 years from date of reemployment**
  - **For example: Employee with 6 months active military leave would have 18 months from date of return to covered employment to make contributions**

# USERRA

- **Contributions may be made on pre-tax basis**
- **If employee does not make contributions within USERRA timeframe, he or she must purchase military leave in accordance with normal service purchase rules.**
- **Use *Supplemental Service Report* (Form 1224) to submit as military leave remittances**

# **Questions and Answers**



**On behalf of  
Retirement Systems'  
Director, Peggy Boykin,  
and Customer Services,  
thank you for coming!**

- **For assistance, contact Retirement Systems' Customer Services at:**
  - **1-800-868-9002 or 803-737-6800, or**
  - **cs@scrs.state.scus**

# **Disclaimer**

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